GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5753
ANSWERED ON:03.05.2002
ICICI BANK AND ICICI MERGER
DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether the RBI has given any proposal of exit route to minority descending shareholders on ICICI-ICICI Bank merger;

(b) whether such exit route was given to the shareholders of Bank of Madura - ICICI Bank merger;

(c) the precaution available to minority, i.e. small investors;

(d) whether both ICICI and ICICI Bank belongs to same management and are financial companies;

(e) the basic valuation, method, rate given to small investors of Bank of Madura;

(f) whether ICICI Management have been asked to provide such exit route; and

(g) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) : No, Sir

(b) : Yes Sir,

(c) : In case of merger of two banking companies Section 44-A of the Banking Regulation Act, 1949 provides that the dissenting shareholders are required to be offered the option of being paid the value of shares held by them, as determined by the Reserve Bank of India. In case of merger of a non-banking company like ICICI, Section 391 (2) of the Companies Act 1956 provides that the scheme of amalgamation be sanctioned by the Court.

(d) ICICI is a company incorporated under the Companies Act, 1956. ICICI Bank is a banking company incorporated under the Banking Regulation Act, 1949. While ICICI Bank was originally promoted by ICICI as its subsidiary, the shareholding of ICICI in ICICI Bank was subsequently reduced to 46% in line with RBI directives.

(E) The valuation process was carried out by Deloitee Haskins and Sells by using standard methods taking into account book value of intrinsic value, future earning potentials and market prices.

(f) No, Sir.

(g) Does not arise.